

Improve your salary

Support for discussing salary





Content

For the reader	5
On compensation and salaries	6
On fairness and encouragement	7
Efficiency with compensation	8
On motivating compensation models	10
On performance-based pay	11
On the future of compensation	13
Salary negotiations in practice	15
When is the best time to talk about salary	15
How to prepare for salary negotiations	15
How to justify a salary request	16
During negotiations and after them	19
Where to get information about salaries	21
Terms	22
Further information and sources	24
YTN unions	26



For the reader

WE NEED TO TALK ABOUT PAY!

It is easy to say that openness, fairness and encouragement are epithets that can be connected to salaries. But what does it mean in practice? How can the successfulness of openness be evaluated or will there ever be a pay system that would feel fair to everyone?

The message of salary literature and research is clear. If the personnel know the basis of determination for salaries – who decides and on which things, how pay rises and performances are evaluated or how the organisation fares against others when salaries are compared – the personnel is clearly more satisfied with their salaries.

Finnish people do not tend to talk openly about their salaries in their workplaces, only maybe between friends or when spending time with old school friends. Is it time to change the culture?

This guidebook has been written so that the reader will get an overview of the things that usually affect salaries and the conversation surrounding salaries. The aim of this is that the reader will get the tools to discuss their own salary when looking for a new job or when preparing for salary negotiations in their current position. We encourage everyone to have informed discussions in their workplace.

This guidebook is the third, updated version of the Improve Your Salary guidebook. The first guidebook was written by Teuvo Muhonen, Aila Tähtitanner and Anja Uljas in 2007. Clarifications to the guidebook were done in 2011 by them and Juha Oksanen and now you have a largely reformed edition in your hands. The salary conversation in the labour market has also changed in ten years.

The look of the guidebook has been updated in accordance with the new visual look of The Federation of Professional and Managerial Staff (YTN), and the guidebook was translated into Swedish and English in late 2020.

We wish you success in your salary negotiations!

Tuunia Keränen, Aila Tähtitanner and Anja Uljas

On compensation and salaries

Salary, rewards and being compensated are very personal things. Therefore, the way compensation-related matters are carried out in an organisation is not insignificant. We often hear and notice that salary-related matters continue to be more or less mythical and people prefer to stay silent about them rather than discuss them openly.

Compensation is an essential part of a management system. A correctly constructed compensation system guides and motivates the personnel to act according to the organisation's objectives. It can be used to affect the work satisfaction, well-being at work and employer reputation in order to recruit new employees. Too few of us have knowledge about the reasons for our compensation and the connection between compensation and achieving the organisations' objectives.

Compensation consists of immaterial and material forms of compensation (image 1). In addition to money, fringe benefits and other benefits, the opportunities for professional development, support for career development, opportunities to affect your own job, work environment, flexibility in working life, appreciation and feedback on the work are mentioned more and more often.

The talk about material compensation has in the last few years turned into talk about austerity. However, money salary has a big role in people feeling fairly appreciated and having clarity in work-related expectations. It is also an important part of creating the basis for encouraging management.

The significance of immaterial compensation has increased in the last few years. Especially the compensation methods related to flexible working life are paid more attention to and many salary earners appreciate operations models used to improve the feeling of comprehensive life management.

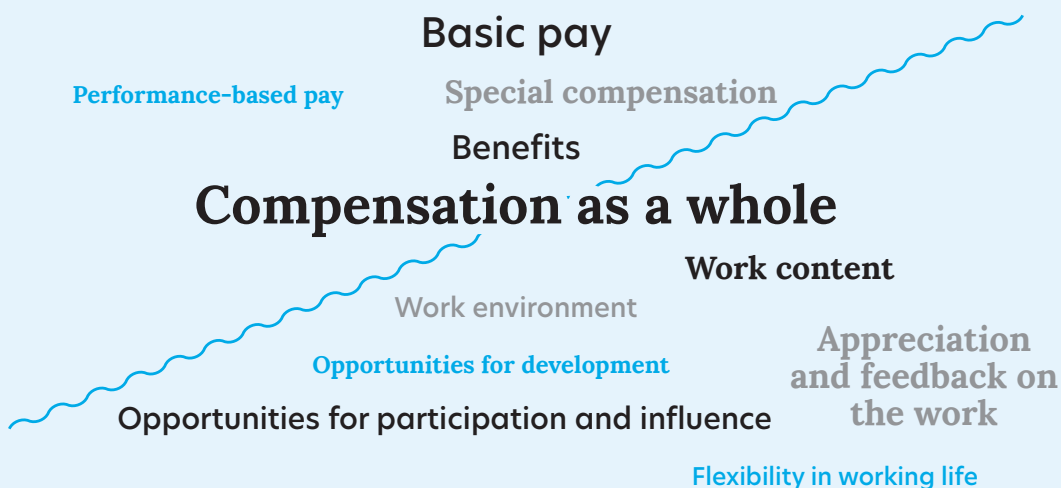


Image 1: Compensation as a whole

Source: Aalto University's research programme on compensation



Money salary and other benefits are agreed between the employer and employee, either individually or collectively. For senior salaried employees, the practice is to negotiate the salary individually instead of the strict definitions of collective agreements and collective bargaining agreements. An organisation may use different kinds of salary systems tied to the compensation level required of the work and they define the salary level position-specifically.

On fairness and encouragement

The demand for fairness and encouragement is often connected to salaries. In order for these ideals to be realised, one must know what kind of salaries other people have. People look for comparison either within the organisation in relation to colleagues, supervisors and subordinates or in the salaries usually paid in the industry for similar positions. Sometimes, people compare their salaries to those of the colleagues who have the same training and experience. The salary statistics produced by the unions are a big help in this.

The assumption of salary fairness includes the following principles: logic, impartiality, accuracy of information, adjustability, representativeness and ethicality.

The systems and practices related to salaries must be well-defined and transparent in the organisation so that the salary earner can assess whether they contain some sort of favourites systems or whether they use different evaluation criteria for different people.

The trust needed for taking care of salary matters requires openness and transparency.

The opportunity to question decisions or the experience that you can affect your salary, either directly through your own actions or indirectly through representatives, promotes the carrying out of salary matters. A well-functioning salary system requires the organisation to have the will to carry out salary matters correctly and responsibly. The salary policies of the organisations must be available to everyone.

The Equality Act¹ also discusses the fairness of salaries. Different salaries may not be groundlessly paid for the same job or equally valuable jobs under the same employer. The purpose of the salary

¹ A salary survey, which is part of the equality plans pursuant to the Equality Act, must be conducted in organisations that employ more than 30 people

surveys conducted in organisations is to make the possible wage discrimination visible. It also requires the equality plans to have the clear intent to fix these possible unequal salary structures and levels.

Only ten per cent of senior salaried employees deem the salary structure of their organisation just. Talking about salaries is necessary!

Compensation is encouraging if the employee can see the connection between their own goals, actions, successes, development and salary. The organisation's supervisors play a big role in the realisation of the encouragement principle.

The undeniable result of the compensation studies conducted in Finland is that the knowledge about salaries is poor. The better the grounds for salaries and compensation are known, the happier people are about them (image 2). At the same time, the atmosphere of trust and commitment to the organisation is created.

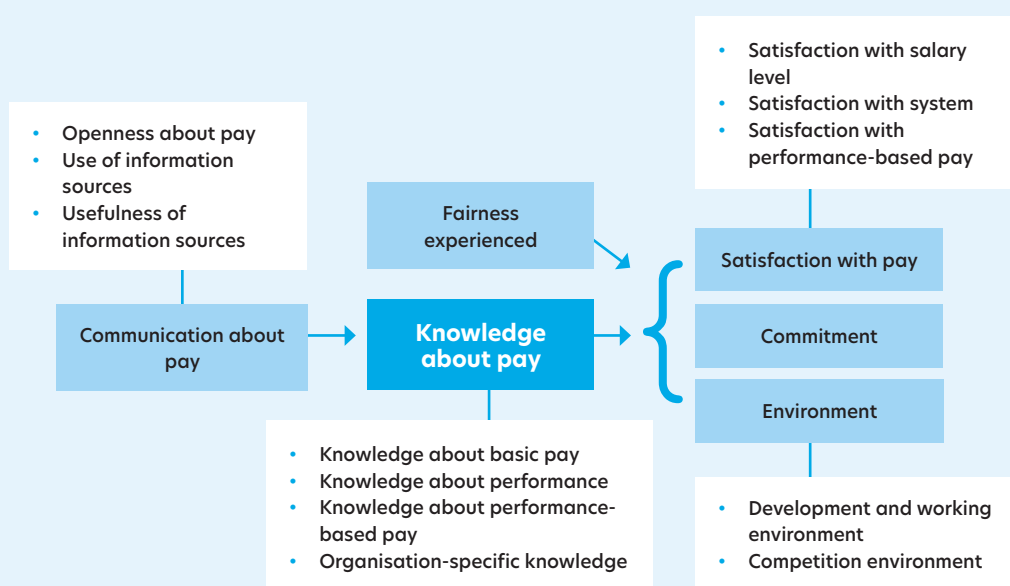


Image 2: A model on satisfaction with pay and factors relate to it

Source: Palkkatietämys Suomessa (Knowledge about pay in Finland), Moisio, Hakonen, Kohvakka, Maaniemi, Tenhiälä, Vartiainen, Aalto University 2012

Efficiency with compensation

The good management of salary matters requires that the compensation principles of the organisation have been thought out carefully and that they are recorded in the salary policy and known to all members of the organisation. Every organisation has their own individual pay policy. However, they all have in common the knowledge about what the salary is paid for, how a person's own performance and profitable work affect the salary, what a reasonable wage dispersion is like, how salary matters are managed in the organisation in practice and who manages them and how an employee can affect their own compensation. Therefore, the organisation must have recorded pay policy outlines, methods and processes related to compensation. The authority related to the compensation processes must be clearly defined and known to everyone. The use of different salary methods in the organisation must also be generally known.

Processes of the compensation system:

(Source: Aalto University's research programme on compensation)

decision making, actions of the supervisor, informing, support from the organisation, methods for planning, development and evaluation

The compensation system should be part of the organisation's management system, in which case the compensation is used to support achieving the organisation's objectives. Connecting the compensation system to the management system means that the system must be checked from time to time so that its operations can be directed towards the desired goal. The organisation must ensure that the system is used correctly.

The core of material compensation is usually formed by money salary and fringe benefits. The most common fringe benefit is the mobile phone benefit. Other benefits include a car or meal benefit. The salary also often includes performance-based salary parts that change often. In addition to performance-based salary, the organisation might have other supplementing salary methods, such as a personnel fund, compensation in form of shares or an option system.

The basic pay of the organisation must be in order before other forms of compensation can have significance as ways to motivate or retain.

There generally are no rules concerning salary levels in the collective agreements for senior salaried employees in the private sector, therefore, the salary is based on the salary request presented by the employee when they are employed and based on that the employee negotiates with the employer. In addition to the salary, the employee agrees on other terms of employment in their employment agreement.

The salary development of a salary earner is affected by the overall pay rises/negotiated pay rises, including their local negotiations, agreed in the negotiations between labour market organisations and by the personally agreed pay rises based on performance, development and career progression. The salary authorities of supervisors within an organisation vary and everyone should know who decides on their personal pay rises. In both local negotiations and salary earners' own salary negotiations, trust and the parties' sufficient knowledge about salary matters and competency in them are important factors.

	Grounds for determination	Encouraging message
Performance-based compensation	Result of an organisation, unit, group or individual What is achieved?	We achieve results together, we produce quality, improve the service, grow.
Individual pay	Work performance, qualifications, competence How is work performed?	Develop yourself and your competence, produce high-quality results, work efficiently.
Pay determined based on the competence level required by the job	Required competence level What is done?	Obtain professional skills, use your professional skills, aim for more challenging duties.

Image 3: Parts of the salary system



Organisations use different kinds of methods to determine the competence level required for a position. More and more often, the methods for evaluating the competence level required for the job are also used as the basis for the salary. Which means that the salary level is determined mainly by the competence level required for the position. In addition to that, there is the part of the salary that is based on personal competence and performance. However, experts and their supervisors too rarely have enough information about the grounds for salaries and the evaluation methods used. Employers should ensure that their personnel are well-informed about these systems.

Of all parts of the salary, the competence level required for the job is often defined through the skills required by the position, difficulty level of the operating environment, decision-making roles, diversity and challenges of interaction, the responsibility included in the position and influencing opportunities connected to the position.

But the evaluation of persons' performances is more difficult to make visible and it varies a lot within organisations. Typical things to be evaluated are the performing of the job with different kinds of criteria: professional competence, motivation, working methods, result production, ability to work in different positions, flexibility, ability and will to develop, interaction and cooperation skills, work community skills.

Of senior salaried employees, only a third knows the grounds for the competence level require for their position.

If you do not know how the competence level require for the job and people's competence and performances are evaluated or measure in your workplace, ask your supervisor about them. The supervisor should know the grounds for the salaries, since the supervisor directs your working, evaluates your performance and thus affects your salary level. The personnel management and employee representatives also know the grounds for the salaries.

The challenge for the systems for evaluating the competence level required for a job and the salary systems based on them is reforming them and keeping them up to date. The key thing is that the processes related to salary systems have been clearly agreed on, that they are transparent and known to the personnel and persons in charge have been appointed for the tasks related to the process.

And that the personnel know who to ask about the evaluation of their positions is also related to the functionality of salary systems.

Even though in Finland, a few commercial systems for evaluating the competence level required for a job (IPE, HAY, Palkkavaaka) are used, they have always been tailored to the organisations' needs and objectives. The organisations' own pay policies connect the systems to company-specific salary levels.

The grounds for the evaluation of competence level required for a job are poorly known, additional information would improve their functionality.

On motivating compensation models

A part of the whole of compensation is the different motivating compensation models. These include, for example, share-based compensation models, bonuses and one-time fast rewards related to personal performance that a supervisor can grant.

Organisations should construct different motivating programmes carefully, taking into account different objectives and situations. They can be constructed and focused differently: for different work

areas, different kinds of critical functions or organisation's potential for growth. The cost-cutting programmes of the organisation can also be supported with compensation models. Motivating compensation models only work if the basic pay is in order.

On performance-based pay

Performance-based pay is the most common compensation method for YTN unions' members. It is the organisations' way of developing the operations by highlighting key objectives and rewarding people for achieving them. This also causes the fact that performance-based pay is always organisation-specific and indicators related to it should be checked when the objectives change. A good performance-based pay model has a connection to the strategy of the organisation and every person within its scope can see the connection between their own work and the indicators.

A half of senior salaried employees deem their performance-based pay to be motivating.

There are several reasons for the use of performance-based pay: it is used as a tool for directing management and operations, it can be used to make the salaries flexible in accordance with the organisation's results, it can be used to improve the working environment or personnel permanence or it can be used to reward people for good work performances or to obtain competition advantage.

One of the characteristics of a well-functioning performance-based pay system is that the personnel can affect the results of the operations, the personnel know the indicators behind the performance-based compensation and can follow their progress. The level of the performance-based compensation must be sufficiently motivating, but it cannot be an unreasonably big part of the total earnings, since people do not always get the performance-based compensation.

The indicators for performance-based pay and their implementation are communicated about fairly openly: four out of five senior salaried employees know the grounds for their performance-based pay system.

It is important to communicate about the performance-based pay system. When the personnel understand the logic of the system, they commit to it better and its significance is acknowledged. Supervisors and experts or their personnel representatives are not always allowed to participate in the construction of the systems. Instead, they are usually unilaterally defined by the employer. A fair system deemed to be just can be achieved when the personnel get to participate in the construction of the system and the supervisors commit to giving feedback.

Common indicators for performance-based pay are, among others, business results, profitability or change in it, savings in costs, lead times of production, customer satisfaction or achieving the development objective.

The indicators for a performance-based compensation are defined in advance and the objectives behind the indicators can be tied to, for example, financial, quality-related or profitability-encouraging



and efficiency-encouraging key figures. The indicators for the performance-based compensation for senior salaried employees are typically based on the results of several levels. Usually, the indicators include a key figure on company or group level and different kinds of group indicators and/or personal indicators.

Grounds for successful performance-based pay:

- The system is known to everyone
- The indicators are unambiguous, there cannot be two interpretations of the same results
- Long-term indicators work the best
- People's work is linked to measurable things
- The level of the performance-based compensation must be high enough to be motivating

Consider the following questions in your organisation!

- What is the connection between compensation and management?
- How do we compensate and on what grounds?
- Who decides on the compensation?
- Who do we compensate? Individuals or groups? Key persons only?
- Do we have a pay policy that is implemented in all recruitments?
- Do the same compensation rules apply everywhere in the organisation?
- Are the grounds for compensation known? Or the compensation processes?
- What forms of compensation do we use and what do we say about them?
- What is known of the salary system being used? Is it used in the same way everywhere in the organisation? Does it adapt to changes? Is it taken into account in recruitments?
- Who is responsible for the functionality of compensation matters?
- Do people feel that the compensation is fair?
- Who can people turn to in pay matters?
- Do we talk about salaries and compensation?

On the future of compensation

The prediction is that in the labour markets of tomorrow, the conversation is about those who buy competence and those who provide it. This is likely to change the compensation practices. The significance of individual competence and individual responsibility and active participation in pay matters will become increasingly important. In the future, there will be demand for compensation competence and salary knowledge on both sides of the table.

The focus of compensation is moving from the difficulty of the task to the performance and competence. At the moment, the difficulty of measuring compensation is seen as a challenge. How do these future compensation, and therefore, pay evaluation indicators sound:

- learning-to-learn skills
- ability to take initiative
- ability to create a trusting environment
- ability to be influential in different kinds of situations
- ability to see opportunities in change
- ability to see what matters
- emotional intelligence

The diversity of compensation will increase, the alternative forms of immaterial compensation will likely be used more often in the future. The use and visibility of different kinds of career and development possibilities, family-friendly workplaces, flexibility of work and work times and organisation and work culture will be used to compete for competent people. In the future, the openness of compensation will be very significant. Will competent people be looked for openly by telling the forms and levels of compensation, like they already do in many countries? Will the organisations' pay policies be made completely available to everyone?

Employees will be increasingly more responsible for their own competence and profitability. Maintaining your own market value and ability to tell about your own competence – when looking for a new job and in your current position – are areas of expert work that should be taken care of.

The YTN unions have many pay-related services available to their members. In addition to contract industry specific negotiations operations, many provide their members with research-based pay statistics, electronic programmes for determining your salary and personal salary counselling. When you are preparing for salary negotiations, the unions' career services train you to recognise your competences in relation to the competence level required by your job and you learn to put your competence into words. Do not hesitate to contact them!

Salary negotiations in practice

When is the best time to talk about salary

You can negotiate your salary when you are looking for a new job, your duties change or you feel like your salary is lagging behind. Employers rarely propose salary negotiations – that is up to you. It is best to discuss pay regularly with your supervisor.

Only one in ten senior salaried employees discusses their salary with their supervisor regularly. Hopefully you are in this ten per cent!

Pay is often discussed in connection to performance evaluation or in a separate salary discussion. The appropriate time for a salary discussion can, for example, be before the next budget round begins.

The pitfalls of pay are the gradually occurring changes in duties and performances. As time passes, the duties become more demanding, competence increases and performances improve. Such sneaking changes are often ignored in hiring and salaries. They must be recognised and brought up in performance and salary discussions.

Many start their paid work during their studies as an intern or temporary worker. Once they have graduated and their work becomes permanent, the salary might lag behind.

There is usually a big difference between the salary of an intern and a professional; therefore, you should negotiate with your employer to have your salary on the level corresponding with your work experience and competence proved by your education. If at the beginning of your career, your salary stays on a level that is too low, the situation might be difficult to fix later on. If you get employed during your studies as an intern, make sure that your interning time salary will not become a permanent hindrance.

The initiative to discuss salaries usually comes from a senior salaried employee. So take the initiative!

How to prepare for salary negotiations

The same principles that apply to other kinds of negotiations also apply to salary negotiations. Good planning and careful preparation are important. You can summarise your preparations into a checklist where you can record the results and experiences of the salary negotiations you have had for the next time you negotiate. You can and should practise giving your arguments; it will make you



more confident and credible and you get to work on your justifications. You can practise the salary negotiations as imagery training or together with someone else.

The YTN unions regularly examine the salaries of their members, collect statistics from employer unions and other sources and, based on them, counsel their members about salaries. Do not hesitate to contact your union! Familiarising yourself with salary statistics and recommendations is part of preparing for negotiations. The statistics and other comparative data help you to measure your salary request or pay rise request.



Talk to the employee representative in your workplace. They usually know the local salary level and the pay policy the employer practices. Improve the openness of salary matters in your workplace and exchange salary information with your colleagues. Staying silent about pay benefits the employer, talking about it benefits the employee. Talking will not slow down your salary progression, if there are reasonable grounds for the progression.

How to justify a salary request

The things the employer deems important and what the salary is paid for should be apparent from the organisation's pay policy. It also defines the level for the company's salaries. Your arguments for a pay rise will reach their target better, if you present them as pursuant to the company's pay policy and use the terms used in the policy.

The central idea in the hiring is to grade the salaries so that every person in the organisation receives, and knows that they receive, a salary corresponding with the difficulty of their duties and the results they achieve. Write down on your list your duties, what they require, what is your competence like and how much you achieve and what changes have occurred in these factors since the last pay rise. Make your work and performance visible by presenting concrete examples.

The development of technology, operations and organisations means that duties change continuously. People have to learn new things all the time. You know the increase in the duties and requirements the best and are the right person to tell your supervisor about them. Familiarise yourself with your organisation's strategy and objectives: highlight the importance of your duties and performances in the organisation's success and objectives achieved.

Learn the terms that depict the competence level required and use them in your arguments:

- requirements for professional competence: education, training, experience, special skills
- requirements for management competence: human resource and subject management, projects
- the difficulty of decision-making: problem solving, independent consideration
- responsibility: of results, operations, people, development
- demanding nature of the operating environment: complicatedness, interactions
- the strain of the job: workload, mental pressure, intensity of the job
- networking skills: networks useful for your work

Talk also about the other straining factors, such as overlapping projects with their many roles and skills requirements, tight schedules, obligation to be available, workload and time spent on the work, travelling and need to be flexible.

Your personal characteristics, i.e. your competence and performance and their development, are an important part of the justification. You have a good education, you study and learn new things all the time. You have accumulated skills and experience in many different kinds of positions and even outside of work. You have reached and even surpassed the objectives set. You have more than enough potential and ability to develop for new and more challenging duties. Make your silent work visible with concrete examples. Emphasise your motivation and commitment.

The members of YTN unions often describe their job by telling the title, branch of activity and length of their work experience. Competence acquired through work experience or in some other way is described significantly less often. Also often left unmentioned are the development in the performance of the job, the change in the requirements of the job and the networks important in the job.



Pay should reflect the level of competence. Describing your competence is not very easy in expert work, because it is abstract in nature and the title description can be very generic.

Competence is often approached from a very narrow viewpoint. Both when seeking employment and when negotiating the pay, describing your competence provides people with much better understanding of your ability to work in your position than if you just list previous employers and titles.

What is competence? Shortly put, competence is what is required of you so that you can achieve results in your work. Competence significant for the work can be accumulated, in addition to work, from other areas of your life, such as studies, hobbies or general life experiences.

When preparing for a salary discussion, you should compare your skills to the skills needed by the employer. What can I provide the employer with? In addition to thinking about your own competence, you can also consider how your competence advances your colleagues' work and how your competences go together – what is your shared competence capital. What can my competence affect? How can I utilise my competence in different things?

Professional substance competence	General working life skills - transferable skills	Self management skills
<ul style="list-style-type: none"> • Factual information about the position • Competence that relates to your profession or work and is acquired through experience • Practical knowledge • Skills related to the position 	<ul style="list-style-type: none"> • Interaction and negotiation skills • Ability to listen • Ability to communicate orally and in writing • Language skills • IT skills • Analysing skills • Project management skills 	<ul style="list-style-type: none"> • Target setting • Operations planning • Learning-to-learn skills • Applying one's know-how to different situations • Assessing one's own activities • Time management skills

Image 4: Three viewpoints on competence

You should practise describing your competence. Reviewing your competence from different viewpoints can also be useful. Also consider which words and attitude you approach your competence with. Unnecessary modesty when highlighting your competence is not a virtue, but you also should not brag about things you do not know how to do.

Recognising your own competence also helps you define your career goals and in your career planning. You can maintain a list of your skills. There, you can write down your duties and the changes that have occurred in their requirements and operating environment, for example, once a year, in connection to a performance evaluation. Your union's career services can help you to put your competence into words.

Argue for your competence with the same terms your employer uses. They might be like some of the following:

- doing: profitability, productiveness, efficiency and quality of work and activity
- competence: multiple skills, in-depth skills, usability, extensive skills, cooperation and interaction skills, networks
- commitment: to the job, objectives, strategy, employer
- motivation: activity, initiative, development, long-term focus, stress tolerance

Position	Responsibilities	Achievements	Competence	Strengths	Development
Analyse each position separately. You can also always analyse the projects separately within each position.	What personal responsibilities have you had in the positions? What have you, together with the team, been responsible for? List the bigger and smaller responsibilities.	How have you fared in the position? What kind of feedback have you received from your supervisor, colleagues, customers, other interest groups? In relation to the objectives? What new things have you participated in?	Which skills have you needed in the position? In what competence areas have you worked? Which skill can you bring with you and utilise in a new position, company, industry?	In which strong areas did you work? What did you utilise? Where did your competence develop from?	In which areas have you developed, how? In which things you would like to improve? How does the development show? How can you utilise your development?

In the exercise, the process is the most important thing. You can utilise the analysis in career planning, when drafting a CV and application or preparing for an interview and suitability evaluation.

Image 5: Recognising your competence

During negotiations and after them

From the facts related to requirements and competence you can build yourself an argument package you can use to argue for your salary request. Achieving the objective requires that in the salary negotiations, you get your employer to believe and accept your justification for your salary request. There is no singular way to force your employer to pay a salary worth a certain amount, the salary is always the result of negotiations.

Set your salary request on a level that is pursuant to statistics and other comparative data. You do not need to compromise due to things that are not grounds for hiring (such as gender, unemployment). Present your request as one sum in euros; if you give a wage bracket, the higher end will not be chosen. You should leave a little room for compromise in your salary request. It is also useful to decide on a minimum under which you do not want your salary to be haggled to. In addition to regular monthly pay, compensation also includes different kinds of rewards, bonuses, training, opportunities for development and other benefits.

Your supervisor might not accept all of your arguments and they can bring up their own views in the negotiations. Try to anticipate these counter-arguments and come up with justifications and arguments for them. Your supervisor is not always be able to decide directly on your salary. But with good arguments you can give your supervisor the tools to put the matter forward. Reasons related to private life, such as family's financial situation or long travel to work, are not good reasons for a pay rise. Only present appropriate arguments and maintain the attitude of a competent professional throughout the negotiations.

An example of notes for salary negotiations

- Duties: acting as a project manager, overall responsibility for the project
- Responsibilities and the requirements of the operating environment have clearly increased, there are several subcontractors and other parties involved in the projects. At the same time, my competence and experience have increased
- The projects have been carried out well and on schedule, customers have given good feedback
- My own performances have brought more customers to the company and improved the company's competitiveness
- Pay rise request €300 a month

It is part of good negotiating culture that the end result is confirmed so clearly that no party is left uncertain about it. Do not trust promises such as “we’ll see about it later”. Agree clearly and preferably in writing when you will get back to it or when the pay rise will enter into force. Immediately after the negotiations have ended, assess your successes and think about what you could improve for the next time. Practice makes perfect.

Checklist for salary negotiations

Preparations:

- Find out whether your organisation uses a particular hiring system or whether your salary is based on a collective agreement and who you can ask about these things. Familiarise yourself with these as well as you can, but if necessary, your union can help you with interpretation.
- Familiarise yourself with the salary statistics and recommendations of your industry.
- Familiarise yourself with the salary level of your company by, for example, talking with your employee representative and/or colleagues.
- Familiarise yourself with your company's pay policy: what are people compensated for?
- Analyse your duties and the competence level required for them.
- Consider whether there have been changes in your duties: have the duties become more demanding and have the responsibilities grown?
- Think about how your competence and profitability have improved and highlight the change with concrete examples.
- Go over the experiences from the previous negotiations.
- Set yourself a negotiations target and make a checklist of the arguments for the negotiations.
- Practice the negotiations either in your head or with someone and try to anticipate the counter arguments of the other party.

In the negotiations:

- Be firm when presenting your salary request and the arguments for it.
- In your arguments, use the organisation's own terms, connect your position to the overall objectives of the organisation.
- Emphasise the elements that relate to the competency level required for the position, and your competence, potential for development, results, motivation and commitment.
- Highlight the skills that benefit the organisation.
- Answer the counter arguments.
- In the end, confirm the end result together.

Post-negotiations evaluation:

- Consider whether you achieved your goals. If you did not, why?
- Consider what were your strengths and weaknesses in the negotiations.
- Did you lack some essential information you would have needed in the salary negotiations?
- Think about what you can improve for the next time and what you would do differently.
- Take notes on the negotiations so that you can remember what you agreed and you can learn from them for the next time.

Where to get information about salaries

Most YTN unions collect, through their own research, information about the salaries and earnings development of their members. The information is used for instructing the members about salaries. Typical situations wherein salary counselling is needed include: a change in the duties, changing the employer, checking the right salary level for the current position or finding out the earnings development for one's own industry.

You should turn to your member union first when looking for information about salaries. Many unions offer personal counselling via email and phone. Furthermore, there are salary statistics available on the member webpages of most unions and some of the unions also provide information through electronic tools (such as Palkkanosturi, Palkkatohtori, Palkkatutka). Some of the unions also draft salary recommendations for newly graduated people or for students for their summer jobs, for example.

The employee representatives for the senior salaried employees in your workplace might also have information about the workplace's salary level or salary systems applied to the salaries. Additionally, some staff associations collect information through their own salary surveys.

Employers also collect salary information (www.ek.fi, www.kuntatyonantajat.fi).

Statistics Finland has plenty of information about salaries, such as Structure of Earnings, Private sector monthly wages, Index of Wage and Salary Earnings. Further information: <https://www.stat.fi/>





Terms

Total earnings

The total amount of money wages and fringe benefits subject to tax deduction.

Fringe benefit

A benefit based on an employment relationship, granted by an employer in a form other than money. For example, a mobile phone, car, travel ticket or lunch benefit. The Finnish Tax Administration defines the tax value of most common fringe benefits every year.

Other employee benefit

A benefit based on an employment relationship, granted by an employer. For example, sports and culture vouchers, occupational health care that is better than required by the law, discounts on company products or services, insurance benefits, carer for a sick child, cleaning benefit.

Compensation

Consists of material and immaterial forms of compensation. Includes, for example, the basic pay, performance-based pay, benefits, initiative bonuses, special bonuses and flexibility in working hours. The whole of the compensation is a management tool the organisation defines and uses to compensate its personnel in accordance with the organisation's strategy. An organisation's compensation system might also be recorded into the form of a pay policy document.

Salary

Recompense for work done, based on an employment relationship. Salary can be paid in money or as a fringe benefit or some other substitute that has financial value.

Knowledge about pay

Knowledge about the pay means that the individual knows the grounds for determining the salary and the salary process and understands how their own performance can affect the salary.

Salary system

The hiring and salary system is an entity that contains the grounds and structures for the hiring and salaries and the processes related to developing, using and maintaining the hiring and salaries. Behind that can be a collective agreement or commercial system.

Basic pay

Basic pay consists of the position-specific salary part based on the competence level required by the work and the personal salary part based on the person's competence and performance.

Performance-based pay

The compilation of organisation-specific, performance-based payment forms that supplement the basic pay. For example, performance and profit bonuses, profit-sharing batches and different kinds of share-based systems are forms of performance-based pay.

Evaluating the competence level required for the job

A general term for finding out how demanding the work, duty or position is. The evaluation can be based on overall evaluation or analytical evaluation that happens by requirement factor. The evaluation method can be a company-specific commercial system or defined by a collective agreement or collective bargaining agreement.



Further information and sources

Rita Asplund ja Reija Lilja (ed)

Kohti samapalkkaisuutta palkkausjärjestelmiä kehittämällä, Reports of the Ministry of Social Affairs and Health, 2010

Anu Hakonen ja Minna Nylander (ed)

Palkitseminen ihmisten johtamisessa, PS-kustannus, 2015

Niilo Hakonen, Anu Hakonen, Kiisa Hulkko-Nyman, Anna Ylikorkala

Palkitse taitavammin: palkitsemistavat esimiestyön ja johtamisen välineinä, Sanoma Pro, 2014, 2. new edition

Niilo Hakonen, Anu Hakonen, Kiisa Hulkko-Nyman, Anna Ylikorkala Kokonaispalkitsemisen johtaminen, AlmaTalent, 2017

Kiisa Hulkko-Nyman

Making Strategy Work: Sense and Sensibility of Results-Oriented Pay Systems, Aalto University, DOCTORAL DISSERTATIONS 76/2016

Tomi Husa

Eurooppalainen palkkavertailu ammateittain – results from the EU-SILC material, Labour Institute for Economic Research, work papers 298 2015

Hyvää työtä – hyvää mieltä. Opas tulospalkkioiden rakentamiseen, Ek-STTK Tuottavuusryhmä, Ylemmät Toimihenkilöt YTN, Palkkataito Oy 2014

Juhani Kauhanen

Esimies palkkijana: aseta tavoitteet, mittaa ja palkitse, Kauppakamari, 2015

Virpi Liinalaakso, Elina Moisio, Jukka Tiihonen

Reilu palkitsemisjärjestelmä: pk-yrityksen opas palkkauksesta ja palkitsemisesta, Teknoliateollisuus, Teknologiainfo Teknova, 2016

Johanna Maaniemi

Reflections of Systemic Justice? Employees' and Supervisors' Experiences of Injustice in the Performance Appraisal and Merit pay Context., Aalto University DOCTORAL DIS- SERTATIONS 23/2013

Elina Moisio, Anu Hakonen, Roosa Kohvakka, Johanna Maaniemi, Aino Tenhiälä, Matti Vartiainen
Palkkatietämys Suomessa, Aalto-yliopiston julkaisusarja, TIEDE + TEKNOLOGIA 16/2012

Elina Moisio, Tea Lempiälä, Timo Haukola

Palkitseminen ja innovatiivisuus: tutkimustuloksia ja havaintoja rahallisesta palkitsemisesta innovatiivisilla työpaikoilla, Ministry of Employment and the Economy, 2009

Sources also include:

Research results from YTN (Federation of Professional and Managerial Staff) databases in different years, YTN ry

Osaamisen näkulmia

Outi Häggin's presentation: <https://otty.tek.fi/sites/otty.tek.fi/files/sefeesitysoutihagg9.pdf>

YTN unions





Improve your salary – Support for discussing salaries

The salary and hiring experts of the negotiations organisation Federation of Professional and Managerial Staff (YTN) urge in their “Improve your salary – Support for discussing salaries” guidebook the members of YTN unions to take the bull by the horns and discuss their salaries.

As a tool, they provide information about compensation to help understand the conversation about pay and to improve knowledge about pay. They also provide clear instructions to support salary negotiations. Well prepared and argued conversation about salaries is a step in the right direction. The authors have for long researched the salaries and hiring of senior salaried employees and provided their members with salary counselling.

The third, new edition 2017.

The guidebook was translated into English in late 2020.



The Federation of Professional and Managerial Staff YTN

Ratavartijankatu 2

00520 Helsinki

Visiting address:

Asemapäällikönkatu 12 B

facebook.com/ylemmattoimihenkilot

twitter.com/YTN_ry